

10 July 2017



## Tanzanian Legislative Changes

Tanga Resources Ltd (“Tanga” or the “Company”) (ASX: TRL) wishes to provide shareholders an update of the implications of recent legislative amendments to the existing legal framework governing the natural resources sector in Tanzania.

On the 29 June 2017, the Government of Tanzania submitted three Special Bill Supplements in the National Assembly proposing amendments to the Mining Act 2010 (Mining Act), being *Special Bill Supplement No. 2 – The Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, 2017* and *Special Bill Supplement No. 3 – The Natural Wealth and Resources (Permanent Sovereignty) Act 2017* and *Special Bill Supplement No. 4 – The Written Laws (Miscellaneous Amendments) Act, 2017*.

All three Special Bills were passed by the National Assembly on 3 and 4 July 2017 and must be assented to by the President of Tanzania. In addition, the Parliament of Tanzania recently has approved the new Finance Act, which will impose a 1% clearing fee on the value of all minerals exported from the country from 1 July 2017.

Tanga has obtained professional advice from our legal counsel in Tanzania, in relation to these legislative changes and their impact on the Company’s assets.

Based on the legal advice received, the legislative changes have no immediate effect on Tanga, given the exploration nature of the Company’s activities on its granted Prospecting Licences in Tanzania.

In the event Tanga makes a future decision to move into development, the amendments will have an impact on operations. The Board consider the key aspects of which include the right of the Government to have a 16% free carry in the shares of any local Tanzanian mining company and the increased royalties payable on any future production.

Chairman of Tanga Resources Ltd, Mr Allen Lafferty said:

*“Tanga continues to enjoy favourable support from the Tanzanian Government and local communities to the continued exploration and potential further advancement of the Singida Project in Tanzania.*

*While the advice we have received indicates that there will be some impact to Tanga shareholders on potential future financial returns, mainly through the introduction of the 16 percent free carried interest and the increased royalty rate, there is no immediate effect on our exploration activities and the Company remains fully committed to Tanzania, the local communities and the exploration and development of the Singida Project.*

*The Singida Project is a regional scale gold project of over 1,000km<sup>2</sup>, hosting a major mineralised structural corridor, on a highly prospective Archean greenstone belt. A project of this scale and quality needs to be explored and developed, for the benefit of all shareholders and all stakeholders.”*



## Discussion

### ***Special Bill Supplement No. 2 - The Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, 2017***

Based on the advice received, Tanga understands Special Bill Supplement No. 2 mainly relates to previously negotiated stability agreements that provided development concessions outside of the existing regulatory framework and agreements relating to “extraction, exploitation or acquisition and use of natural wealth and resources”. The Bill also empowers the National Assembly of Tanzania to order the Government to re-negotiate terms that may be considered unconscionable in any agreement that may be concluded in future.

The Company does not have any such agreements in place and therefore this Special Bill has no impact on Tanga’s activities in Tanzania.

### ***Special Bill Supplement No. 3 The Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and Special Bill Supplement No. 4 The Written laws (Miscellaneous Amendments) Act, 2017***

From the legal advice Tanga has received in relation to the amendments contained in Special Bills No.s 3 and 4, the key matters the Board recommends shareholders consider as potentially having a future impact on the Company’s interests in Tanzania are:

#### A. Tanzanian Government’s right to a free carried interest.

The granting of at least a 16% free carried interest in the shares of the local Tanzanian mining company, may have an impact on the future financial returns to Tanga shareholders. The Company is seeking clarification, through our legal counsel on the specific mechanics and implementation of this amendment.

Legal advice regarding the entitlement of the Tanzanian Government to acquire additional shares above the free carried interest shares, up to a total of 50% of the local Tanzanian mining company shares, is that it does not apply to Singida or any of the Company’s other assets in Tanzania, as no tax incentives have been granted.

#### B. An increase of the gold royalty.

The gold royalty has increased from four percent to six percent.

#### C. Requirement to beneficiate all mined minerals in Tanzania.

Metallurgical test work to date confirms excellent metallurgy at Singida with overall recoveries of 93%, from simple gravity and conventional leach. Therefore, the Board does not consider further beneficiation will be required.

#### D. Export of core, cuttings, rock samples, fluid samples or other data.

Tanga does not anticipate the new legislative requirement for approvals for the export of core or samples to have an impact on the Company.



#### E. Protection of Permanent Sovereignty.

The amendment prohibits matters relating to natural resources being subject to proceedings in foreign courts. Any disputes relating to the extraction, exploitation or acquisition of natural resource are to be adjudicated in accordance with the laws of Tanzania.

The Board considers this amendment may have potential implications to the cost of funding of any future project development.

#### F. Tanzanian reinvestment, local content, corporate social responsibility and environmental

Tanga has an established, collaborative relationship with the local community and continues to make a positive contribution to the local economy.

The Company is already a significant local employer in the region and has worked in collaborations with the community and regional commissions to develop local services and infrastructure including a school, health clinic, community water supplies and roadworks. Tanga continues to work with the local community on the development of a sustainable local economy.

The Tanzanian reinvestment, local content, corporate social responsibility, local employment, training and environmental provisions of the new legislation are all consistent with how Tanga currently conducts itself as a responsible entity. Therefore it is not expected that these legislative changes will adversely impact the future potential development of the Singida Project.

#### **Additional information on the legislative changes**

Furhter information can be found on the legisaltive changes at the Tanzania Parliament website: [www.parliment.go.tz/bills-list](http://www.parliment.go.tz/bills-list).

The Company shall provide further updates in relation to these events as and when appropriate.

#### **For further information contact**

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